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15 APR 1959

MEMORANDUM FOR: Acting Deputy Director (Support)

SUBJECT : Program for Greater Efficiency in CIA

REFERENCES : a. Memo dtd 28 Jan 59 to DD/I, DD/P, DD/S and DD/C fr DCI, same subject
 b. Memo dtd 5 Feb 59 to Compt fr DD/S, subj: "Personnel Ceiling Objectives, Office of the Comptroller, FY 1959 and FY 1960"
 c. Memo dtd 6 Feb 59 to Compt fr DD/S, same subject

1. This memorandum is in response to your memorandum of 6 February 1959 (Reference c.).

2. The Office of the Comptroller has surveyed its activities and functions with the following conclusions:

a. All functions are required either by law, regulation or by internal or external demand and at the present time none of these functions can be eliminated. It is, of course, possible that other studies being made in connection with other components of the Agency may result in elimination of a demand which could result in some impact on a function of the Office of the Comptroller which would subsequently result in a reduced workload and in a reduction in personnel requirements.

b. The survey did not reveal any overlapping of activities or functions of material significance or duplication of any activities or functions being performed within the Office of the Comptroller or another element of the intelligence community. However, in developing the Financial Management Improvement Program, it has been concluded that there is a procedural duplication between the Office of the Comptroller and Agency components with respect to maintenance of detailed posting of obligations which can be eliminated. It was discovered that many allottees were maintaining memorandum obligation allotment control records on vouchered funds and the Accounts Branch, Fiscal Division, was also maintaining obligation allotment control records.

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This Office maintains that the responsibility for controlling obligations is vested in the allottee and therefore, as a part of the Financial Management Improvement Program, it is planned to eliminate the detailed posting in the Accounts Branch, Fiscal Division, as of 30 June 1959. Prior to beginning of Fiscal Year 1960 the allottees will be provided with a uniform record procedure of recording obligations, similar to that now in effect for unvouchered allotments. While this may reduce personnel requirements in the Accounts Branch, Fiscal Division, it is not known at the present time what savings, if any, can be effected. It is believed that the increased demands of the "cost program" will more than offset the savings which can be effected in this Branch.

c. The organizational structure of the Office of the Comptroller has been carefully re-examined and at the present time we have no recommendations for any changes that will result in savings of personnel. The activities of the Fiscal Division are in process of being studied in an effort to streamline procedures. It is a possibility that after more study some supervision could be eliminated.

d. The SF Career Service has two cases pending wherein individuals have been asked to look for positions outside the Agency. If positions have not been found by these individuals by the end of the Fiscal Year 1959, it is planned to terminate their services if possible.

3. In your personal review of the functions of the Office of the Comptroller you expressed a desire for a better understanding of the functions and workload of the Technical Accounting Staff and the Financial Analysis Staff. It was further indicated that the requirement for twenty personnel to perform this type of work appeared high.

4. The Technical Accounting Staff is responsible for the development and implementation of all Agency accounting policies and procedures on a world-wide basis including Headquarters, Continental U.S. and Overseas Field Stations; proprietary and subsidy projects, funding mechanisms and accounting systems and procedures which involve both the Fiscal and Finance Divisions of this Office and other components of the Agency. This requires developing, prescribing, installing, reviewing and revising accounting systems and procedures including financial property, fund accounting, cost accounting and a variety of commercial systems for all types of activities and projects. This Staff represents the Comptroller in developing and approving administrative plans; conducts special surveys both at Headquarters and Overseas; prepares fiscal and financial directives and staff studies; and reviews Agency procedures and regulations for Comptroller.

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5. The Technical Accounting Staff is staffed and must be continued to be staffed with the best technical accountants available and, because of the variety of technical competence required, it is desirable that the education and experience background be very strong in accounting, preferably CPA or CPA equivalent.

6. At the present time the Staff is very badly overloaded with work and will be increasingly overloaded for several months due to the procedural task necessary to place the contemplated cost program into effect in Fiscal Year 1960. Also, this is a long-term projected program and, therefore, in addition to the present workload, the Technical Accounting Staff will be continually planning, reviewing and revising the cost program techniques much the same as has been and still is the case with respect to financial property accounting. It is an ambitious task and it is going to be difficult to accomplish with the present number of personnel and within the time required.

7. The Financial Analysis Staff is a very small staff. It consists of only four analysts and a secretary. The Staff is engaged in developing financial data suitable for analysis (which requires considerable records for accumulating data), analyzing existing data and preparing reports and statements. The recurring reports are listed as follows:

a. Monthly:

- (1) Allotment and obligations tables and charts by organizational component.
- (2) Expenditure tables and charts by organizational component.
- (3) Personnel On-Duty Strength tables and charts by organizational component.
- (4) Allotments, obligations and expenditures by active fiscal years cumulative total by month.
- (5) Statement of Status Current Year Appropriation ("Black Book").
- (6) Status of Appropriations - Form 133 - Active Years.
- (7) Status of Appropriations - No Year Funds and Lapsed Appropriation.

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b. Quarterly:

- (1) Short form Agency Financial Statement.
- (2) Expenditures by Fiscal Year for Fiscal Division, Finance Division and total.
- (3) Agency Financial Statement (Consolidated).

c. Annually:

- (1) Reconciliation of Treasury Account Current with Agency Receipts and Disbursements during year.
- (2) Liquidation of obligations by fiscal year.
- (3) "Report on Agency Assets and Supporting Schedules" in compliance with Treasury Circular No. 966.
- (4) Use of Vouchered and Unvouchered Funds.
- (5) Domestic TDY Travel.
- (6) Foreign TDY Travel.
- (7) Summarization of Inventory Transactions - Acquisitions and Dispositions.

8. This Staff has a minimum organizational structure. This concerns us because it is our intention to increase the Staff's analysis responsibilities and workload in connection with the cost program.

9. The Staff could be combined with some other division of the Office of the Comptroller, such as the Budget Division, but it would take as many persons to perform the tasks regardless of where located and we believe it is more effective as a disinterested group divorced from operational activities.

10. The analysis records presently maintained by the Staff and the reports listed are essential and it is hoped that as the cost program develops this Staff will become more and more important to the Comptroller and to management throughout the Agency. In addition to the reports listed, the Staff performs a variety of special assignments. For example, the Staff is presently: (1) evaluating the requirements of the various components of the Office of the Comptroller for the large number of tabulations prepared by Machine Records Division; (2) analyzing inventory

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activity for 1958 from which will be developed a proposed quarterly inventory analytical statement and (3) chairing a task force for determining the composition of allotment and accounting codes for Fiscal Year 1960. Also, as permanent special assignments, the Financial Analysis Staff chairs the Comptroller Reports Review Committee and acts as DD/S Representative on the Consolidated Charities Policy Committee.

11. Throughout this paper, we have referred to the Financial Management Improvement Program and have indicated that the "Cost Program" for 1960 will result in increased manpower requirements in the Office of the Comptroller. It is appropriate to emphasize that compliance with Public Law 863, i.e., to prepare CIA budget on a cost basis and comply with the other facets of the law will require additional accounting over and above our present accounting activity. In most agencies that we have checked with, this has resulted in increased accounting personnel and equipment. Our program, however, is designed to comply with the law with little or no increase in personnel. It is hoped that this will be feasible as a result of several of our approaches to the problem but principally by centralizing in the Office of the Comptroller the accrual of costs and reporting of costs rather than by decentralizing such activity to the Agency components. The use of electric accounting machines (and perhaps the proposed computer system) will also facilitate the practicability of such a centralized system.

12. We, therefore, feel that the Office of the Comptroller has developed a plan with respect to cost accounting and cost budgeting which, if successful, will achieve the purposes of Public Law 863 with little or no additional cost to the Agency and with the accruing benefits of better management information which, if used properly, should eventually result in Agency savings and increased efficiency.

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13. In compliance with the personnel ceiling of [REDACTED] authorized for the Office of the Comptroller for 30 June 1959, the reduction of four (4) positions will be effected as follows:

Finance Division	2
Fiscal Division	1
Machine Records Division	1 (Clerk typist position which is currently vacant and is not required.)

14. The Management Staff and the Office of Personnel will be furnished position titles together with corresponding numbers early in June. This reduction will be effected through attrition.

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E. R. SAUNDERS
Comptroller